

**CITY CHARTER AMENDMENT No. 1:
Clarifying Legal Language in the General Charter Ordinance.**

<p>The ballot question:</p> <p>SHALL ARTICLE XIII OF THE CITY OF KNOXVILLE CHARTER, ENTITLED "PENSIONS", BE AMENDED TO CLARIFY AND CORRECT CERTAIN LANGUAGE WITHIN THE DEFINITIONAL SECTION AND TO INCLUDE MEMBERS OF DIVISION H WITHIN SUCH DEFINITIONS; TO SUPPLEMENT THE LANGUAGE SO THAT THE TERM "TRUSTEE" INCLUDES "CUSTODIAN" AS WELL AS TRUSTEE; TO ADD CLARIFYING LANGUAGE RELATED TO TRANSFERS WITHIN THE VARIOUS DIVISIONS OF THE SYSTEM; TO BRING THE PROVISIONS OF THE SYSTEM RELATED TO MILITARY SERVICE IN FULL COMPLIANCE WITH FEDERAL LAW; TO CLARIFY TIMING REQUIREMENTS FOR ELECTIONS MADE BY MEMBERS WITHIN DIVISION G; AND TO ALLOW APPROPRIATE AND NECESSARY ADJUSTMENTS OF THE INTEREST RATE ON ANY REFUND ISSUED UNDER THE TERMS OF THE SYSTEM, ALL AS MORE FULLY SET FORTH IN ORDINANCE NO. 0-174-2014 OF THE CITY OF KNOXVILLE AS DULY PUBLISHED? Chief Financial Officer's estimate of net cost increase: \$0.00</p>	<p>What it does:</p> <p>This amendment amounts to what some refer to as "legal housekeeping." It clarifies language in the charter and brings it into full compliance with federal law.</p> <p>For example, it specifically adds members of Division H (the new hybrid pension plan created in 2012) into the charter language; it supplements some definitions so that a "custodian" includes a "trustee"; it updates provisions related to military service; and it clarifies the time period in which some retirees must make their benefit elections.</p> <p>Why Mayor Rogero and City Council support this:</p> <p>This section corrects a technical error in order to include the new hybrid pension plan in certain definitions, clarifies potentially ambiguous terms and brings the plan into conformity with federal law related to crediting members of the system with their military service.</p> <p>These provision changes do not change the amount of benefit payments to retirees.</p>
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**CITY CHARTER AMENDMENT No. 2:
Weighing a lump sum payout option**

<p>The ballot question:</p> <p>SHALL ARTICLE XIII OF THE CITY OF KNOXVILLE CHARTER, ENTITLED "PENSIONS", BE AMENDED TO PERMIT THE SUPPLEMENTAL PLAN PROVISIONS, AS REVIEWED BY THE PENSION BOARD AND APPROVED BY CITY COUNCIL, TO AUTHORIZE ADDITIONAL FORMS OF BENEFIT, INCLUDING BENEFITS PAYABLE IN WHOLE OR IN PART AS A SINGLE SUM, ALL AS MORE FULLY SET FORTH IN ORDINANCE NO. 0-175-2014 OF THE CITY OF KNOXVILLE AS DULY PUBLISHED? Chief Financial Officer's estimate of net cost increase: \$0.00</p>	<p>What it does:</p> <p>This amendment will allow the Pension Board and City Council to explore whether to offer alternative forms of benefits, such as a lump sum payout, that might be selected by an employee instead of a long-term or lifetime annuity.</p> <p>Why Mayor Rogero and City Council support this:</p> <p>This amendment would grant flexibility and legal authority to City Council to consider authorizing alternative forms of benefits, such as allowing the member to take the retirement benefit in a single lump sum.</p> <p>Passage does not automatically mean that a lump sum of benefits would be an option for retirees - only that the issue can be carefully studied and a decision made outside of the charter restrictions and as a part of the supplemental plan provisions.</p> <p>Any change ultimately would require City Council approval.</p>
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**CITY CHARTER AMENDMENT No. 3:
Giving employees nearing retirement more flexibility in selecting alternative interest options**

<p>The ballot question:</p> <p>SHALL ARTICLE XIII OF THE CITY OF KNOXVILLE CHARTER, ENTITLED "PENSIONS", BE AMENDED TO PERMIT THE SUPPLEMENTAL PLAN PROVISIONS, AS REVIEWED BY THE PENSION BOARD AND APPROVED BY CITY COUNCIL, TO ALLOW MEMBERS OF DIVISIONS G AND H NEARING THEIR NORMAL RETIREMENT AGE TO IRREVOCABLY ELECT ALTERNATIVE METHODS FOR CREDITING EARNINGS ON THE DIVISION G INDIVIDUAL ACCOUNTS AND DIVISION H HYPOTHETICAL ACCOUNTS, AS APPLICABLE, ALL AS MORE FULLY SET FORTH IN ORDINANCE NO. 0-176-2014 OF THE CITY OF KNOXVILLE AS DULY PUBLISHED? Chief Financial Officer's estimate of net cost increase: \$0.00</p>	<p>What it does:</p> <p>This amendment would allow the Pension Board and City Council to carefully study and decide whether to offer alternative methods for crediting earnings for those employees covered under a defined contribution plan, such as Plan G1 and the new hybrid Plan H.</p> <p>The intent is to provide more security to employees nearing retirement. For example, by allowing a pending retiree to transfer their retirement funds from an aggressive investment option and choose more fiscally conservative and safer investments. These options could be created only with City Council approval.</p> <p>Why Mayor Rogero and City Council support this:</p> <p>This option, if ultimately approved by City Council, would give City employees nearing retirement more flexibility in choosing how their earnings are credited.</p>
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**CITY CHARTER AMENDMENT No. 4:
Eliminating lifetime annuities for non-spouse beneficiaries (e.g., children and grandchildren)**

<p>The ballot question:</p> <p>SHALL ARTICLE XIII OF THE CITY OF KNOXVILLE CHARTER, ENTITLED "PENSIONS," BE AMENDED TO CLARIFY THE DEFINITION OF THE TERM "BENEFICIARY" IN SECTION 1360.1(J) AND TO PROVIDE THAT A MEMBER OF THE SYSTEM ELECTING OPTIONAL RETIREMENT BENEFITS PURSUANT TO SECTION 1350.7 MAY DESIGNATE AS THE MEMBER'S BENEFICIARY ONLY THE MEMBER'S SPOUSE OR SUCH OTHER PERSON AS MAY BE SPECIFIED IN THE SUPPLEMENTAL PLAN PROVISIONS, AS REVIEWED BY THE PENSION BOARD AND APPROVED BY CITY COUNCIL, ALL AS MORE FULLY SET FORTH IN ORDINANCE NO. 0-177-2014 OF THE CITY OF KNOXVILLE AS DULY PUBLISHED? Chief Financial Officer's estimate of net cost increase: \$0.00</p>	<p>What it does:</p> <p>This amendment would restrict who is eligible for lifetime annuities. Only the retiree and the retiree's spouse would be eligible for lifetime benefits.</p> <p>Lifetime benefits would not be paid to a non-spouse multi-generational beneficiary (e.g., a child or grandchild), as is now allowed. City Council would be enabled to allow other persons - such as disabled children -- to be designated as eligible for lifetime benefits if they see fit after review and approval.</p> <p>Why Mayor Rogero supports this:</p> <p>This amendment is aimed at reducing long-term risk to City taxpayers. Taxpayers are now responsible for pension payments legally committed for decades into the future - often for 70 years or longer - when a retiree selects a young child, grandchild or non-relative as a beneficiary.</p> <p>The problem is that no one can foresee the economy that far out, so this option carries unacceptably high risk to the taxpayers who are obligated to maintain the financial soundness of the pension fund. If there's a recession and investments perform poorly, then taxpayers must contribute the difference.</p> <p>The financial liability and risk to taxpayers is why lifetime annuities for non-employee non-spouses should stop. Pensions were never intended as trust funds for children or grandchildren. They were created to provide care for the workers and their spouses in their senior years.</p> <p>Retirees still will have options to designate benefits for their children - the 10- and 15-year certain and life options would remain in place, for example. (Those options remain, because investor risk is much less over a fixed timeframe of 10 or 15 years than over 60 or more years of a lifetime benefit payable to a child.)</p> <p>This amendment also allows the City to be more responsive as laws and IRS requirements change.</p>
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**CITY CHARTER AMENDMENT No. 5:
Expanding membership on the Pension Board**

The ballot question:

SHALL ARTICLE XIII OF THE CITY OF KNOXVILLE CHARTER, ENTITLED "PENSIONS", BE AMENDED BY AMENDING SECTION 1324 ENTITLED "PENSION BOARD" SO AS TO ADD TO THE PENSION BOARD TWO (2) ADDITIONAL MEMBERS, TO BE APPOINTED BY THE MAYOR AND CONFIRMED BY CITY COUNCIL, WHO WILL BE RESIDENTS OF THE CITY WITH FINANCIAL OR ACCOUNTING EXPERTISE BUT WHO SHALL NOT BE EMPLOYEES OF THE CITY NOR MEMBERS OF THE CITY PENSION SYSTEM, ALL AS MORE FULLY SET FORTH IN ORDINANCE NO. 0-178-2014 OF THE CITY OF KNOXVILLE AS DULY PUBLISHED?

Chief Financial Officer's estimate of net cost increase: \$0.00

What it does:

This amendment would add two new members to the Pension Board, who would be nominated by the Mayor and approved by City Council.

The Pension Board currently includes four City employees elected by their peers (one from the Police Department, one from the Fire Department, and two general government employees); the finance director; the Mayor; and a City Council representative. This amendment would add two new citizen representatives.

These new members would have expertise in matters of finance and/or accounting. They must be City residents, and they cannot be employees of the City or beneficiaries or future beneficiaries of the pension system, nor have family members who are beneficiaries.

Why Mayor Rogero and City Council support this:

Unlike many pension plans, the City pension plan requires City employees to contribute 6% of their salary to the pension plan. They have real skin in the game. However, City taxpayers also contribute 3 to 6 times that amount each year depending on the market performance of the pension fund.

The two new members will provide additional financial and retirement planning expertise to the Pension Board and provide the citizens of the City of Knoxville with greater oversight and representation on the Board.